

**DEPARTMENT OF SOCIAL AND HEALTH SERVICES
MEDICAL ASSISTANCE ADMINISTRATION
Olympia, Washington**

To: Pharmacies
All Prescribers
Managed Care Plans

**Memorandum No.: 04-20 MAA
Issued: April 16, 2004**

From: Douglas Porter, Assistant Secretary
Medical Assistance Administration

**For More Information, call:
1-800-562-6188**

Subject: Prescription Drug Program: Therapeutic Interchange Program

Effective May 5, 2004, the Medical Assistance Administration (MAA) will implement the Therapeutic Interchange Program (TIP). This memorandum provides details about the new program.

What is the Therapeutic Interchange Program?

In June 2003, the Governor signed Senate Bill 6088 into law. The new law requires pharmacists to practice therapeutic interchange when filling prescriptions for state health care programs.

The Therapeutic Interchange Program (TIP) is a process developed by MAA, the Health Care Authority (HCA), and Labor and Industries (L&I), to allow physicians and other prescribers to endorse the Washington Preferred Drug List (PDL). TIP is intended to streamline administrative procedures and make prescription drugs more affordable to Washington residents and state health care programs.

TIP applies only to drugs on the Washington PDL prescribed by an endorsing practitioner, and not to other drugs requiring prior authorization.

What is an endorsing practitioner?

An *endorsing practitioner* a provider who has reviewed the Washington PDL, has signed up as an endorsing provider (see www.rx.wa.gov), and has agreed to allow therapeutic interchange of a preferred drug for any nonpreferred drug in a given therapeutic class.

What does this change mean to pharmacies?

Effective May 5, 2004, when an endorsing practitioner issues a prescription to an MAA client for a nonpreferred drug on the Washington PDL, the filling pharmacist must dispense the preferred drug in that therapeutic class in place of the nonpreferred drug. When this therapeutic interchange is made, the pharmacist must notify the endorsing practitioner of the specific drug and dose dispensed.

When are substitutions not required?

In some instances, the endorsing practitioner may determine that the nonpreferred drug is medically necessary and instruct the dispensing pharmacist to dispense the nonpreferred drug as written (DAW). When an endorsing practitioner indicates "**DAW**" on a prescription for a nonpreferred drug, MAA does not require prior authorization, and the dispensing pharmacist dispenses the nonpreferred drug as prescribed.

Pharmacists are not required to substitute a preferred drug for a nonpreferred drug if the prescription is for a refill or continuation of a drug in any of the following drug classes (**note:** these drug classes are not currently on the Washington PDL):

- Antipsychotic;
- Antidepressant;
- Chemotherapy;
- Antiretroviral; or
- Immunosuppressive.

For refills in the drug classes specified above, the pharmacist must dispense the nonpreferred drug when prescribed by an endorsing practitioner.

What if a nonendorsing practitioner issues a prescription for a nonpreferred drug?

When a nonendorsing practitioner issues a prescription for a nonpreferred drug, MAA requires prior authorization, and the dispensing pharmacist must call Affiliated Computer Services at 1-866-246-8504 or fax 1-866-446-3365 to request authorization and provide medical justification.

For more information and access to the complete Washington PDL, go to HCA's website www.rx.wa.gov.

Attached are replacement pages v/vi and 3/4 and a new section M for MAA's Prescription Drug Program Billing Instructions, dated February 2003. To obtain MAA's provider numbered memoranda and billing instructions, go to MAA's website at <http://maa.dshs.wa.gov> (click on the Provider Publications/Fee Schedules link).

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Important Contacts

A provider may contact MAA with questions regarding its programs. However, MAA's response is based solely on the information provided to MAA's representative at the time of inquiry, and in no way exempts a provider from following the laws and rules that govern MAA's programs. [WAC 388-502-0020(2)]

Where do I call to submit change of address or ownership, or to ask questions about the status of a provider application?

Call the toll-free line:
(866) 545-0544

Where do I send my hardcopy claims?

Division of Program Support
PO Box 9245
Olympia WA 98507-9245

What is the web site address for pharmacy information?

MAA's Pharmacy Web Site:
<http://maa.dshs.wa.gov/pharmacy/>

How do I find out more about MAA's Prescriptions by Mail program?

Providers Call: 1-888-327-9791
Clients Call: 1-800-903-8369
Or go to MAA's website:
<http://maa.dshs.wa.gov/RxByMail/>

Who do I call for prior authorization?

Pharmacy Prior Authorization Section
Drug Utilization and Review
(800) 848-2842

Backup documentation ONLY must be mailed or faxed to:

Pharmacy Prior Authorization Section
Drug Utilization and Review
PO Box 45506
Olympia WA 98504-5506
Fax (360) 586-2262

Who do I call to begin a Therapeutic Consultation Service (TCS) Review?

Toll Free (866) 246-8504

Who do I contact if I have questions regarding...

Payments, denials, or general questions regarding claims processing, Healthy Options?

Provider Relations Unit
Email: providerinquiry@dshs.wa.gov
or call: (800) 562-6188

Private insurance or third-party liability, other than Healthy Options?

Coordination of Benefits Section
(800) 562-6136

Endorsing Practitioner - A provider who has reviewed the Washington PDL, signed up as an endorsing provider (see www.rx.wa.gov), and agreed to allow therapeutic interchange of a preferred drug for any nonpreferred drug in a given therapeutic class.

Estimated Acquisition Cost (EAC) – MAA’s estimate of the price providers generally and currently pay for a drug marketed or sold by a particular manufacturer or labeler.
[WAC 388-530-1050]

Expedited prior authorization (EPA) - The process for authorizing selected drugs in which providers use a set of numeric codes to indicate to MAA the acceptable indications, conditions, diagnoses, and criteria that are applicable to a particular request for drug authorization.
[WAC 388-530-1050]

Explanation of benefits (EOB) - A coded message on the Medical Assistance Remittance and Status Report that gives detailed information about the claim associated with that report.

Federal upper limit (FUL) – The maximum allowable payment set by the Centers for Medicare and Medicaid Services (CMS) [formerly known as “*HCFA”] for a multiple-source drug. [WAC 388-530-1050]

Generic Code Number (GCN) sequence number – A number used by MAA’s drug file contractor to group together products that have the same ingredients, route of administration, drug strength, and dosage form. It is applied to all manufacturers and package sizes. [WAC 388-530-1050]

Generic name – The official title of a drug or drug ingredients published in the latest edition of a nationally recognized pharmacopoeia or formulary.

Less-than-effective drug or DESI – Those drugs that lack substantial evidence of effectiveness as determined by the Food and Drug Administration (FDA).
[Refer to 388-530-1050]

Long-term therapy – A drug regimen a client receives, or will receive, continuously through and beyond 90 days.
[WAC 388-530-1050]

Managed care – A comprehensive system of medical and health care delivery including preventive, primary specialty, and ancillary health services. These services are provided through a managed care organization (MCO) or primary care case management (PCCM) provider.
[WAC 388-538-050]

Maximum allowable - The maximum dollar amount MAA will reimburse a provider for a specific service, supply, or piece of equipment.

Maximum Allowable Cost (MAC) - The maximum amount that MAA pays for a specific dosage form and strength of a multiple-source drug product.
[WAC 388-530-1050]

Medicaid - The state and federally funded Title XIX program under which medical care is provided to persons eligible for the:

- Categorically needy program; or
- Medically needy program.

*HCFA=Health Care Financing Administration

Medical Assistance Administration

(MAA) - The administration within DSHS authorized by the secretary to administer the acute care portion of Title XIX Medicaid, Title XXI state-children's health insurance program (S-CHIP), Title XVI, and the state-funded medical care programs, with the exception of certain nonmedical services for persons with chronic disabilities.

Medically accepted indication – Any use for a covered outpatient drug:

- (1) Which is approved under the federal Food, Drug, and Cosmetic Act; or
- (2) The use of which is supported by one or more citations included or approved for inclusion in any of the following compendia of drug information.
 - (a) The American Hospital Formulary Service Drug Information;
 - (b) The United States Pharmacopoeia Drug Information.
 - (c) DRUGDEX Information System.

[Refer to WAC 388-530-1050]

Medically necessary - A term for describing requested service which is reasonably calculated to prevent, diagnose, correct, cure, alleviate or prevent the worsening of conditions in the client that endanger life, or cause suffering or pain, or result in an illness or infirmity, or threaten to cause or aggravate a handicap, or cause physical deformity or malfunction, and there is no other equally effective, more conservative or substantially less costly "course of treatment" available or suitable for the client requesting the service. For the purpose of this section, "course of treatment" may include mere observation or, where appropriate, no treatment at all.

Medicare - The federal government health insurance program for certain aged or disabled clients under Titles II and XVIII of the Social Security Act. Medicare has two parts:

- "Part A" covers the Medicare inpatient hospital, post-hospital skilled nursing facility care, home health services, and hospice care.
- "Part B" is the supplementary medical insurance benefit (SMIB) covering the Medicare doctor's services, outpatient hospital care, outpatient physical therapy and speech pathology services, home health care, and other health services and supplies not covered under Part A of Medicare.

Therapeutic Interchange Program

(Senate Bill 6088; Chapter 29, 2003 Laws 1st Special Session)

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For more information and access to the complete Washington PDL, go to HCA's website www.rx.wa.gov.

How does the pharmacy bill for a non-preferred drug prescribed by an endorsing practitioner?

- **Hard copy billers** must enter "**DAW**" in the *Justification/Comments* field on the Pharmacy Statement [DSHS 13-714].
- **Point-of-Sale billers** must enter "**1**" in the *Dispense as Written (DAW)/Product Selection Code* field.